

Washington State Health Care Authority

**Benefits Administration / Insurance
Accounting System Project
QUALITY ASSURANCE**

Periodic Report
January 1 through February 28, 2007



**STERLING
ASSOCIATES, LLP**

Quality Assurance Findings—*What is...*

◆ Environment

- The Heath Care Authority (HCA) completed the evaluation of the two vendors invited to participate in oral presentations and a demonstration of the proposed solution. The vendors were also given the opportunity to respond to questions and clarifications as part of their best and final offer (BAFO) response.
- HCA executives and the project manager conducted site visits to the state of Oklahoma and Washoe County, Nevada to view systems similar to the proposed solutions demonstrated by the finalists. While neither of the systems were exact matches to the proposed solutions, the HCA representatives were able to learn more about the implementation approach, post-production support models, lessons learned, and the business process changes experienced at each site.
- Upon completion of the data collection processes, HCA executives considered all of the information gathered during the four evaluation phases, analyzed the results and compared the results against the expressed agency values. The agency announced the apparently successful vendor (ASV) on February 28 and notified all of the interested vendors, staff and stakeholders of the decision.
- EpiUse was selected as the integrator with SAP providing the software for the new BAIAS system. Contract negotiations will begin as planned in early March with each of the vendors. Contract negotiations will be lead by an outside contracting expert with the active participation of HCA executives.

◆ Approach

- No change in approach has occurred during this reporting period.

Quality Assurance Findings—*What is...* (continued)

◆ Schedule

- The project team members have worked very hard to maintain the schedule approved by the Executive Sponsors, even announcing the ASV two days ahead of schedule. The contract negotiations will begin as planned and are scheduled to be completed in 6 weeks. The negotiations should not be completed until HCA has contracts that provide them with the means to manage project risks successfully while obtaining the products and services needed to meet their business requirements.
- EpiUse submitted a proposed project schedule as part of their RFP response and BAFO materials that supports open enrollment for 2009 in the new system. Given the stated project assumptions and resources available, there is a moderate to high risk that this schedule is not viable. Once the vendor is on-site and begins to work through the detailed planning and gap analysis phase, the project schedule can be revised to reflect more realistic conditions and provide the Executive Sponsors with the ability to consider the trade-offs required to meet the proposed schedule before approving a baseline schedule.

➤ *See Previous Recommendation #1 in Appendix A*

◆ Expectations

- Expectations about the vendor selection process and schedule have been achieved, and are being driven throughout the remainder of the acquisition process. As a result of the evaluation process, HCA has identified the solution that most closely reflects the business and system expectations expressed by the agency.

◆ Leadership

- The project manager and RFP coordinator have continued to exhibit leadership within the project to follow the evaluation process described in the RFP and stay within the approved schedule. The contributions made by both of these individuals were noted by the agency Administrator in a public setting.



Quality Assurance Findings—*What is...* (continued)

◆ Resources

- The project faces significantly more work associated with project set-up, contract negotiations, project planning, revision of the investment plan, possible acquisition of additional project management services, risk assessment, expansion of facilities, equipment purchases and installation, expansion of staff, and the establishment of project processes and controls, to name a few. The additional financial and human resources needed to both lead and perform these activities are now being considered. The project manager will not be able to continue doing the planning and analysis work along with the responsibility to organize and manage the agency resources needed to complete project activities.
 - While a communications specialist has been hired to support the BAIAS project on a part time basis, this resource is shared with another program and is supervised by the agency communications office. This resource is not an integral part of the project activities and does not have assignments or priorities made by the project based on their internal needs and timelines. As was noted previously, this arrangement should be reconsidered as demand for communications activities increase steadily.
- The project manager will begin a 9 week leave of absence in May creating the need for transition planning as well. As before, the transition plan should be developed cooperatively by HCA and Point B Solutions who is responsible for project management.
- As the project progresses, the demand for agency resources will quickly increase. Projects of comparable size and complexity have experienced difficulty providing adequate business expertise to respond to the volume of work generated by the project. This constraint has resulted in schedule delays in other large state projects and has been difficult to overcome. Planning now for this risk would serve the project well.

Quality Assurance Findings—*What is...* (continued)

◆ Controls

- Project controls and processes are being developed in preparation for project kick-off and gap analysis. Project staff are finishing the details on budget control and reporting tools to assure that the financial management information is reconciled with the state's Agency Financial Reporting System (AFRS), and to provide adequate details, including variances, on project costs.

◆ Communication

- Communication tools with external stakeholders are being developed between the project the stakeholders themselves. The process of identifying and reporting the readiness of users is being documented before being implemented. While the process may have similarities to the communication approach in other large projects, it is being developed with the premise that communication and clarification of any issues needs to occur at the lowest possible levels of each organization. Given that the stakeholders are involved in developing the process and the tools, implementation of the tools should proceed smoothly.
- The change management efforts will likely be closely tied to the communication function within the project and reflected in the revised Communication Plan. The need for a consistent message about the project cannot be underestimated. When the communication specialist was hired, the agency planned to revisit whether the resource could be shared by two different programs and how the resource would be managed. This assessment appears to have begun.
 - *See Previous Recommendation #3 in Appendix A*

Quality Assurance Findings—*What is...* (continued)

◆ Credibility and Integrity

- Credibility and integrity with vendors, decision makers and stakeholders is high. Both of the vendors who participated in the oral demonstrations commented on the sophistication of the agency's acquisition process and the depth of business knowledge exhibited by agency executives. As soon as a decision was made about the ASV, agency executives communicated the decision to staff and stakeholders before misinformation was shared about the results.

◆ Commitment

- The project manager and agency executives are personally committed to making this project a success. Project sponsors have participated regularly, kept abreast of the progress during the last phase of the vendor evaluation process, and personally met with both of the vendors when they visited the agency during oral demonstrations.

Appendix A - Summary of Recommendations

Quality Assurance Recommendations									
Recommendations		Feb 2006	April 2006	June 2006	Aug 2006	Oct 2006	Dec 2006	Feb 2007	Status / Comments
1	Develop a project plan reflecting the assumptions built into the project and the resources available, including major tasks, milestones, decision points, dependencies, schedule and the critical path. Ensure collaboration among all participants to identify dependencies and a reasonable schedule for completion.	☆	➤	➤	➤	➤	➤	➤	In progress. This will be in progress until the gap analysis phase is completed.
2	Clarify roles and responsibilities for project participants and decision-makers that reflects the organization of the project.	☆	➤	➤	✓				Recommendation closed.
3	Revise the communication plan and include identification of specific stakeholder needs, required information, responsibilities for completion, and timing of communication.	☆	➤	➤	➤	➤	➤	➤	No change in status.
	☆ Recommendation made ✓ Recommendation implemented ➤ In progress ✕ Recommendation not yet implemented								